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Message Text

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PAGE 01 NEW DE 10560 061010Z

15
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGR-05 L-03 H-02 /088 W
---------- 095967
R 060710Z AUG 75
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 425
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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EO 11652: NA
TAGS: USINJC, IN, US
SUBJ: INDO-AMERICAN ECONOMIC/COMMERCIAL SUBCOMMISSION

REF: STATE 182139

1. WE ARE GLAD TO SEE THAT THE EXCHANGE OF VIEWS WITH DIXIT WENT WELL ALTHOUGH WE CONTINUE TO HAVE DOUBTS WHETHER THE INDIAN EMBASSY COMMUNICATES VERY EFFECTIVELY WITH DELHI. FOR EXAMPLE BOTH MOF AND COMMERCE RECENTLY ASKED EMBOFFS WHY USG WAS INSISTING ON A MEETING OF THE ECONOMIC AND COMMERCIAL SUBCOMMISSION PRIOR TO THE JOINT COMMISSION MEETINGS. THEY WERE RELIEVED TO LEARN THAT WE HAD NOT PROPOSED SUCH A MEETING.

2. WE HAVE THE FOLLOWING COMMENTS ON THE POINTS RAISED BY DIXIT:
JOINT BUSINESS COUNCIL. INDIAN REACTION TO APPOINT-MENT OF ORVILLE FREEMAN IS EXCELLENT. WE HOPE THAT CHAMBER OF COMMERCE STAFF MAN BREWER CAN VISIT DELHI IN NEXT FEW
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PAGE 02 NEW DE 10560 061010Z

MONTHS. WE HAVE HEARD NOTHING OF GOI (AS OPPOSED TO

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

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PUBLIC SECTOR) MEMBERSHIP BUT THE INDIANS OFTEN MENTION THE
UTILITY OF HAVING GOI OFFICIALS PRESENT (NOT AS MEMBERS) TO
ANSWER QUESTIONS, GIVE "ADVISE" ETC.
DOUBLE TAXATION TREATY. WE DO NOT KNOW REASONS FOR
INDIAN FAILURE TO SEND TEAM IN AUGUST. WHAT ABOUT CONSIDERING
A SHORT AGREEMENT CONFINED TO AIR AND SHIPPING INCOME - WHILE
WE SORT OUT THE BIGGER ISSUES. WITH LUCK THIS LIMITED AGREE-
MENT COULD BE SIGNED IN OCTOBER.
MICA. COMMERCE MINISTRY OFFICIALS TELL US THEY INTEND
TO "INVITE" TEAM OF US IMPORTERS TO VISIT INDIAN AND DISCUSS
ALL ASPECTS OF MICA TRADE. WE HAVE TOLD COMMERCE THIS IS AN
EXCELLENT IDEA.
INVESTMENT. WE HEARTELY ENDORSE BILLER POSITION. IT IS
UP TO GOI TO PROVIDE LIST.
THIRD COUNTRY JOINT VENTURES. THIS SUBJECT CAME UP IN
AMBASSADOR'S MEETING WITH PAI. WE THINK IT IS STILL UP TO
GOI TO COME UP WITH LIST WHERE IT THINKS INDIAN SUBCONTRACTORS
COULD BE HELPFUL.
MARKET SURVEY TEAM. WE THOUGHT THIS HAD BEEN SHELVED
FOR THE TIME BEING. INDO-AMERICAN CHAMBER WILL SPONSOR
SPECIALIZED EXPORT TRADE MISSION TO US THIS FALL. WE HAVE
OFFERED FACILITATIVE ASSISTANCE.

3. FROM OUR VIEW POINT NONE OF THE ABOVE SOUND TOO
PROMISING IN TERMS OF PUBLIC IMPACT DURING THE OCTOBER
JOINT COMMISSION MEETING. WE ALSO FIND LITTLE OF DIRECT
BENEFIT TO US INVESTORS IN INDIA OR US EXPORT INTERESTS. WE
WOULD LIKE TO RECOMMEND SPEEDY CONSIDERATION OF RECOMMENDATIONS
IN SEVERANCE/LANDE MEMO (POUCHED KUX). PRINCIPAL REC-
OMMENDATIONS FOLLOW:
JOINT STATEMENT ON ECONOMIC/COMMERCIAL RELATIONS
THIS WOULD INCLUDE ASSURANCES FROM THE GOI THAT AMERICAN
FIRMS IN INDIA CAN PURSUE THEIR BUSINESS ACTIVITY UNIMPEDED
BY ANY UNDUE RESTRAINTS ON THE PART OF THE GOI. THE PURPOSE
WOULDBE TO GIVE THE AMERICAN FIRMS A CURRENT POLICY STATEMENT
WHICH COULD THEN BE USED BY THEM IN DISCUSSIONS WITH THE GOI
ON THE STATUS UNDER THE FERA OR IN APPLICATIONS FOR EXPAN--
SION PROJECTS, ETC. IT MIGHT ALSO INCLUDE A RECONFIRMATION
OR ASSURANCE BY THE GOI THAT FOREIGN INVESTMENT REMAINS WEL-
COME IN CERTAIN AREAS. THE LANGUAGE OF THE STATEMENT WOULD HAVE
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PAGE 03 NEW DE 10560 061010Z

TO BE NEGOTIATED AND WE WOULD END UP WITH SOMETHING LESS THAN
THE MOST POSITIVE, BUT NEVERTHELESS USEFUL.
ESTABLISHMENT OF BUSINESS FACILITATION WORKING GROUP.
THIS GROUP WOULD FOCUS ON THE OPERATING PROBLEMS THAT
BUSINESSMEN EXPERIENCE IN DOING BUSINESS IN INDIA. THE INDO-
AMERICAN CHAMBER OF COMMERCE IS SCHEDULING A MEETING IN THE
NEAR FUTURE TO ATTEMP TO CATALOG THESE PROBLEMS WHICH IT THEN
INTENDS TO DISCUSS WITH THE GOI. SOME OF THESE WILL UN-

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DOUBTEDLY BE APPROPRIATE FOR GOVERNMENT-TO-GOVERNMENT REP-
RESENTATIONS THROUGH THIS WORKING GROUP WHICH WOULD ADD CLOUT
TO THE CHAMBER'S EFFORT.

TRADE TARGET

THE ESTABLISHMENT OF A QUANTITATIVE TRADE GOAL FOR FUTURE
TRADE LEVELS WOULD HAVE THE EFFECT OF SIGNALING TO THE GOI
BUREAUCRACY THAT IT IS POLITICALLY ACCEPTABLE TO INCREASE TRADE
WITH THE U.S. THIS BECOMES IMPORTANT IN STATE TRADING WHERE
OFTEN FACTORS OTHER THAN COMMERCIAL INFLUENCE PROCUREMENT DECIS-
IONS. IT WOULD BE WORDED SO THAT IT CANNOT BE INTERPRETED AS
A COMMITMENT ON OUR SIDE.

IN THIS CONNECTION MINISTER PAI IN A MEETING WITH THE
AMBASSADOR ON AUGUST 4 EXPRESSED CONSIDERABLE INTEREST IN THE
RECENTLY SIGNED U.S.-ROMANIAN TRADE AGREEMENT. WE HAVE
SENT A COPY TO HIM WITH THE SUGGESTION THATSOME OF THE PROVIS-
IONS SUCH AS A TRADE TARGET AND BUSINESS FACILITATION MIGHT ALSO
BE APPROPRIATE AS A MEANS OF FURTHERING INDO-US ECONOMIC RELIONS.

4. SOME OF THE ABOVE IS OBVIOUSLY TOO DETAILED TO BE CONSIDERED
AS A TOOL TO ASSIST US WITH SPECIFIC PROBLEMS AND THE COMMISSION
AS DEALING WITH BROAD POLICY QUESTIONS. WE THINK IT WOULD BE
USEFUL IF WE COULD AGREE UPON THIS AS A MODUS OPERANDI AT THE
COMMISSION MEETING. THIS WOULD SERVE TO REINFORCE THE DISCUS-
SIONS AND REPRESENTATION OF THE INDO-AMERICAN CHAMBER AND, IN
THE FUTURE, THE JOINT BUSINESS COUNCIL.
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